

ORIGINAL

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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POSTAL RATE
COMMISSION

MAILING ONLINE SERVICE

Docket No. MC98-1

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS LIM TO INTERROGATORIES OF
THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-ST9-11-12)

The United States Postal Service hereby provides the responses of witness Lim to the following interrogatories of the Office of the Consumer Advocate: OCA/USPS-ST9-11-12, filed on January 26, 1999.

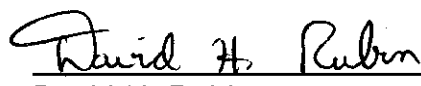
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

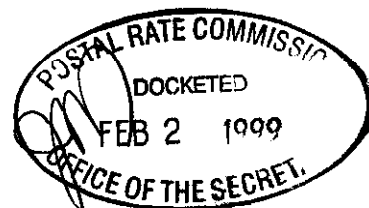
By its attorneys:

Daniel J. Foucheaux, Jr.
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February 2, 1999



**RESPONSE OF POSTAL SERVICE WITNESS LIM TO
INTERROGATORY OF OFFICE OF THE CONSUMER ADVOCATE**

OCA/USPS-ST9-11. Please refer to your testimony at page 4 and 5, lines 25-26 and 1-3, respectively.

- a. Please confirm that time is an important element of costs of the Mailing Online help desk. If you do not confirm, please explain.
- b. Please explain the rationale for excluding the duration of calls received by the Mailing Online help desk as an element of the "cost driver" for Mailing Online help desk costs.
- c. Please confirm that the number and duration of calls to the Mailing Online help desk should form the "cost driver" for the Mailing Online help desk. If you do not confirm, please explain.

RESPONSE:

- a. Confirmed that time is appropriately considered as an element of costs.
- b. Data generally are not available on the duration of calls, let alone data indicating the duration of MOL-related calls. It is my understanding that such data would be "difficult to collect and costly to compile." (Reply brief of USPS Regarding MOL Market Test, at 13.) Moreover, I understand that the Commission did "not require the duration of calls to be recorded, especially in light of the relative size of the costs." (PRC Op., MC98-1 (Market Test), at 50.) Therefore, I used the assumption that the duration of calls did not vary based on call type. This assumption was used in determining the cost driver for help desk costs.
- c. Confirmed. The number and duration of calls was used to form the "cost driver" for the help desk with the assumption that call duration does not vary based on type.

**RESPONSE OF POSTAL SERVICE WITNESS LIM TO
INTERROGATORY OF OFFICE OF THE CONSUMER ADVOCATE**

OCA/USPS-ST9-12. Please refer to your testimony at page 10, lines 10-13, where it states that "MOL users . . . are therefore assumed to cause personnel, hardware, and software costs," and Exhibit E, "MOL/POL Help Desk."

- a. In Exhibit E, please identify the hardware costs of the MOL/POL help desk.
- b. Please confirm that there are telecommunication costs associated with the MOL/POL help desk. If you do not confirm, please explain.
- c. Please list the "personnel, hardware, and software costs," and the associated amounts, of the MOL/POL help desk that
 - i. are affected by the duration of calls to the Mailing Online help desk; and,
 - ii. are not affected by the duration of calls to the Mailing Online help desk.

RESPONSE:

- a. Hardware and software costs are included in Exhibit E, Item 18. Although the exact separation of software and hardware cost is not specified in the data collected, the general cost of the hardware would amount to approximately \$430,000.
- b. Confirmed. I have now updated my testimony to reflect all such telecommunications costs, specifically Tables 1 and 2, and Exhibits E and G. The appropriate revised pages are attached to this response.
- c. Since I assume that all calls have the same duration, I did not conduct the exercise of breaking the personnel, hardware and software costs into those affected and those not affected by call the.

Table 1
Summary of Total Cost

Item	Functional Areas	Notes	Hardware	Software	Telecom & Networking	Personnel	Services	Total
1	Systems Dev. & Imp.	Table 5, Line 4	\$2,959,346	\$1,219,789	\$1,702,256	\$0	\$6,420,991	\$12,302,382
2	Admin Mgmt & Maint	Table 5, Line 8	\$0	\$350,000	\$0	\$1,880,000	\$3,917,568	\$6,147,568
3	Help Desk	Table 5, Line 11	\$0	\$32,424	\$0	\$530,000	\$1,539,957	\$2,102,381
4	Print Sites	Table 5, Line 14	\$152,626	\$0	\$51,264	\$0	\$1,800,050	\$2,003,940
5	Total		\$3,111,972	\$1,602,213	\$1,753,520	\$2,410,000	\$13,678,566	\$22,556,272

Revised 2/2/99

Table 2
Summary of One-Time & Variable Costs

Description	Notes	One Time		Variable		Total
		Cost	Program Year 1999	Program Year 2000		
Systems Dev. & Imp.	Exhibit G, Line 16	\$10,397,982	\$952,200	\$952,200	\$12,302,382	
Administrative Mgmt & Maintenance	Exhibit G, Line 24	\$350,000	\$2,919,364	\$2,878,205	\$6,147,568	
Help Desk	Exhibit G, Line 30	\$320,784	\$766,000	\$1,015,597	\$2,102,381	
Print Sites	Exhibit G, Line 36	\$51,284	\$790,030	\$1,162,846	\$2,003,940	
Total		\$11,120,030	\$5,427,594	\$6,008,648	\$22,556,272	

Exhibit G

Derivation of One-Time and Variable Costs

Item	Description	Notes	One Time	Variable		Total
			Cost	Program Year 1999	Program Year 2000	
1	Systems Dev. & Imp.					
2	MOL					
3	Hardware	Exhibit A, Line 30	\$1,912,547	\$0	\$0	\$1,912,547
4	Software	Exhibit A, Line 48	\$1,215,891	\$0	\$0	\$1,215,891
5	Telecom. & Networking	Exhibit A, Line 59	\$244,256	\$0	\$0	\$244,256
6	Services					
7	Certification & Accreditation	Exhibit A, Line 61 divided by 2 years	\$0	\$232,200	\$232,200	\$464,400
8	Enhancements - SW	Exhibit A, Line 62	\$600,000	\$0	\$0	\$600,000
9	MOL Application Development	Exhibit A, Line 63	\$5,120,671	\$0	\$0	\$5,120,671
10	MOL Application Test and Doc.	Exhibit A, Line 64	\$75,920	\$0	\$0	\$75,920
11	MOL/POL					
12	Hardware	Exhibit B, Line 32	\$1,046,799	\$0	\$0	\$1,046,799
13	Software	Exhibit B, Line 37	\$3,898	\$0	\$0	\$3,898
14	Telecom. & Networking	(h)	\$18,000	\$720,000	\$720,000	\$1,458,000
15	Services	Exhibit B, Line 47	\$160,000			\$160,000
16	Subtotal		\$10,397,982	\$952,200	\$952,200	\$12,302,382
17	Administrative Mgmt & Maintenance					
18	MOL					
19	Software	Exhibit C, Line 3	\$350,000	\$0	\$0	\$350,000
20	Personnel	Exhibit C, Line 6 divided by 2 years	\$0	\$940,000	\$940,000	\$1,880,000
21	Services	(i)	\$0	\$1,956,196	\$1,915,037	\$3,871,233
22	MOL/POL					
23	Services	Exhibit D, Line 6 divided by 2 years	\$0	\$23,168	\$23,168	\$46,335
24	Subtotal		\$350,000	\$2,919,364	\$2,878,205	\$6,147,568
25	Help Desk					
26	MOL/POL					
27	Software	Exhibit E, Line 9	\$32,424	\$0	\$0	\$32,424
28	Personnel	Exhibit E, Line 15 divided by 2 years	\$0	\$265,000	\$265,000	\$530,000
29	Services	(j)	\$288,360	\$501,000	\$750,597	\$1,539,957
30	Subtotal		\$320,784	\$766,000	\$1,015,597	\$2,102,381
31	Print Sites					
32	MOL					
33	Hardware	(k)	\$0	\$89,780	\$62,846	\$152,626
34	Telecom. & Networking	Exhibit F, Line 20	\$51,264	\$0	\$0	\$51,264
35	Services	(l)	\$0	\$700,250	\$1,099,800	\$1,800,050
36	Subtotal		\$51,264	\$790,030	\$1,162,646	\$2,003,940
37	Total		\$11,120,030	\$5,427,594	\$6,008,648	\$22,556,272

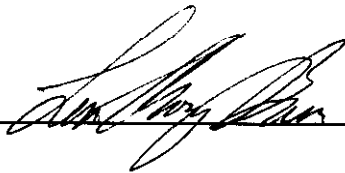
Exhibit E

MOL/POL Help Desk

Item	Description	Manufacturer	Notes	Help Desk ^A	Total Quantity ^B	Unit Cost ^C	Extended Cost ^D
1	Software						
2	Microsoft Publisher	Microsoft		14	14	\$90	\$1,260
3	MS Office 97 Professional. Ed. Prof. Li	Microsoft		14	14	\$104	\$1,456
4	Quark V. 4.0	Quark		14	14	\$752	\$10,528
5	PageMaker V. 6.5 win95/NT	PageMaker		14	14	\$525	\$7,350
6	Corel Ventura V.8.0	Corel		14	14	\$469	\$6,566
7	Corel WordPerfect Suite Prof. 8.0	Corel		14	14	\$376	\$5,264
8	Sum of Lines 2 thru 7				Software Subtotal		\$32,424
9	100% Ratio x Line 8				Ratio Applied Subtotal		\$32,424
10	Personnel						
11	Help Desk Mgr	USPS	(e)	1	1	\$200,000	\$200,000
12	20% Ratio x Line 11				Ratio Applied Subtotal		\$40,000
13	Technical Help Desk	USPS	(f)	1	1	\$490,000	\$490,000
14	100% Ratio x Line 13				Ratio Applied Subtotal		\$490,000
15	Sum of Lines 12 & 14				Personnel Subtotal		\$530,000
16	Services						
17	Help Desk on-going cost	Compaq		1	1	\$6,016,462	\$6,016,462
18	Help Desk one time	Compaq		1	1	\$1,441,800	\$1,441,800
19	Help Desk Telecommunication Cost	Compaq		1	1	\$241,523	\$241,523
20	Sum of Lines 17 thru 19				Services Subtotal		\$7,699,785
21	20% Ratio x Line 20				Ratio Applied Subtotal		\$1,539,957
22	Sum of Lines 9, 15, & 21				Total		\$2,102,381

DECLARATION

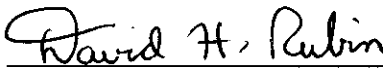
I, Chong Bum Lim, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.



Dated: February 2, 1998

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.



David H. Rubin

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February 2, 1999